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CASHING IN ON THE ESPORTS PHENOMENON: INCREASING AWARENESS ON ETHICAL ISSUES AND GOVERNANCE CHALLENGES

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ABSTRACT

The foray of esports into the mainstream sports and entertainment industry has been nothing short of spectacular. Gaming is no longer confined to its status of a leisure activity, having become a fully-fledged heavily contested sporting event participated in by 'cyber athletes' worldwide. The competitive gaming industry has witnessed tumultuous growth, attracting widespread spectatorship and burgeoning revenues, so much so, that it has seen esports come up for potential inclusion in the Olympics. However, this rapid upsurge in popularity has not been equally matched by the enforcement of an adequate regulatory mechanism, which has paved the way for a host of regulatory and ethical complexities which could hamper esports from making further inroads. The implementation of a durable governance structure is made increasingly difficult by the disparate framework of the industry, a stark contrast to the successful model adopted in several traditional sports. Esports is currently fraught with ethical issues such as doping, match-fixing, betting as well as unique privacy concerns relating to the misuse of player data and identity deception. Still, in its infancy, esports requires experienced administrators at the helm who understands the industry for what it is. This paper will attempt to discuss the challenges posed by the frail esports regulatory model and how a lack of awareness amongst policymakers needs to be addressed to chalk out a clear pathway for effective governance in the future.

KEYWORDS

Esports, ethics, Regulation, Gambling, Doping, Recognition.

1. Introduction

Gaming no longer remains confined to its stereotypical status of a leisure activity. Over the past decade, the competitive gaming industry has grown tremendously, typifying the confluence of technology and various facets of human activity. From the first video game

competition, the Space Invader Championship, organised by Stanford University on October 1972,¹ online gaming has taken significant strides forward, becoming a fusion of the sports and entertainment industries, generating a substantial revenue stream and the events attracting high viewership, especially in Asia where the viewership figures of flagship esports events such as the *DOTA* (Dawn of the Ancients) International and *LoL* (League of Legends) Championships have exceeded those of premier sporting events such as the NBA Finals and the Super Bowl.²

This unprecedented success of has led to talks of a potential integration with traditional sports tournaments, with the Asian Games 2018 including esports as a competing category on a trial basis and the International Olympic Committee also considering including esports as a contestable event in the 2024 Paris Olympics.³

The evolution of competitive gaming into a multi-million dollar industry and global spectator-friendly phenomenon, now popularly referred to as 'esports' has been meteoric, to say the least, opening up a dearth of new investment, commercial and broadcasting opportunities, which have brought with it a fair share of challenges and complications, which every new industry encounters at its infancy. In relatively no time, esports has grown by leaps and bounds, with a worldwide audience of more than 443 million,⁴ in 2019 alone, making it the fastest-growing sport, with 2020 viewership numbers to increase to 495 million, an increase of approximately 12 %.⁵ Revenues also show no signs of slowing down, with the esports market projected to surpass the billion-dollar mark in 2020.⁶

1.1. THE CONVERGENCE OF ESPORTS INTO MAINSTREAM SPORTS

The English Premier League and Electronic Arts, a leading game developing company, has introduced the e-Premier League, the Premier League's own official FIFA tournament.⁷ Electronic Arts introduced this initiative from 2019 onwards, in a bid to compete with the likes

¹ *The History and Evolution of Esports*, MEDIUM (Jul. 29, 2020, 6:20 PM), https://medium.com/@BountieGaming/the-history-and-evolution-of-esports-8ab6c1cf3257.

² Christopher Ingraham, *These 3 charts show the rapid rise of eSports*', WORLD ECONOMIC FORUM (Mar. 16, 2020, 10:06 AM) https://www.weforum.org/agenda/2018/08/the-massive-popularity-of-esports-in-charts.

³ Steven Impey, *Intel and IOC discuss esports Olympic inclusion*, SPORTS PRO (Jul. 29, 2020, 6:31 PM), https://sportspromedia.com/news/intel-ioc-esports-gaming-olympics-inclusion.

⁴ Newzoo, Global Esports Market Report 27 (2020)

⁵ *Id.* at 27.

⁶ *Id.* at 28.

⁷ Premier League, *Premier League and EA launch ePremier League*, PREMIER LEAGUE (Mar. 17, 2020, 9:44 AM), https://www.premierleague.com/news/870004.

of *DoTA* and *Counterstrike*, to offer a more immersive competitive and spectating experience that attracts both esports fanatics as well as football enthusiasts, capitalising on the Premier League's immense global reach and huge fan base. All twenty football clubs in the Premier League are represented by FIFA players in a knockout-format. Viewership of the English Premier League (EPL) crossed more than 150 million viewers in the 2020 edition, with an invitational format in which football players virtually represented their respective clubs. On similar lines, the National Basketball Association (NBA) and the National Football League (NFL) in the United States, have started their own esports leagues, taking place side by side with the regular season. Initiatives such as these offer an opportunity to fans of traditional sports and gamers alike to fulfil their dreams to experience the thrill of competing for their favourite teams in the virtual arena.

2. A DIFFERENT BALL GAME: MAJOR DIFFERENCES AND BARRIERS TO ETHICS AND REGULATIONS

The foray of esports into the mainstream sports community has ushered in a transition which has monumentally altered the way sports have been historically defined and experienced. This has created ambiguity pertaining to the nature of esports – whether they qualify as a sport or not. In various aspects, esports share similar characteristics with 'real' sports. The likeness of esports to traditional sports is based on the level of skill, training and cognition required to excel in competitive gaming, which is a fundamental aspect of a 'sport'. In terms of structure, tournaments are conducted in line with the formats of traditional sports tournaments, organised in the form of a knockout or league-based format participated in by individual players or by teams of players, depending on the nature of the video game in question. The existence of a competitive element, resulting in a winner and loser on the conclusion of an event, is also a major and essential point of similarity which esports share with traditional sports.

⁸ Sara Elsam, *FIFA's fight to join the "big three" of esports*, GAMESINDUSTRY.BIZ (Mar. 17, 2020, 10:09 AM), https://www.gamesindustry.biz/articles/2019-01-08-over-300-people-are-working-on-esports-at-ea-the-rapid-rise-of-fifa-pro-gaming.

⁹ Steve McCaskill, *Premier League and EA Sports Launch Official FIFA 19 eSports League*, FORBES, (Mar. 17, 2020, 10:17 AM), https://www.forbes.com/sites/stevemccaskill/2018/10/04/premier-league-and-ea-sports-launch-official-fifa-19-esports-league/#6d5678fd2d5c.

¹⁰ Jonathan Easton, *Inaugural ePremier League Invitational nets 150 million viewers*, DIGITAL TV EUROPE (Mar. 17, 2020, 10:31 AM), https://www.digitaltveurope.com/2020/05/05/inaugural-epremierleague-invitational-nets-150-million-viewers/.

¹¹ *Id*; Derek Helling, *Traditional Sports and Esports Converging for Mutual Benefits*, SPORTS AND POLITICS (Mar. 17, 2020, 11:24 AM), https://www.sportsandpolitics.org/traditional-sports-and-esports-converging/.

¹² Zach Carrabine, Paris 2024 GLHF: Esports' Quest for Olympic Inclusion, 26 SPORTS LAW J. 229, 233 (2019).

The same aspect has been recognised by the International Olympic Committee (IOC), which has strongly supported the consideration of esports being within the ambit of sporting activity, with an added emphasis on conformance to a code of rules and regulations governing this competitive aspect of esports. The recently concluded Giro D'Italia and Race Across America (RAAM) cycling competitions took place via integrating the racecourses on virtual cycling platforms Zwift¹³ and Fulgaze¹⁴ respectively, showcasing the competitive interface of the digital and physical sports. Esports players, or 'cyber athletes' as they have come to be popularly referred to, undergo extensive training and coaching prior to competing in tournaments, including cognitive training involving hand-eye coordination and mental fitness, which are similar, if not more rigorous, to the level of preparation executed by their traditional sports counterparts, setting aside the popular assumption of esports not requiring substantial skill. 15 With regards to the business aspect and commercial viability which includes various sources of revenue generation, the role of advertising, merchandising, sponsorship, streaming and ticketing revenues is measurably the same in esports as compared to traditional sports. Though it is apparent that esports and traditional sports have some corresponding characteristics, there are notable points of difference which make the governance of esports as a belligerent task prone to a multitude of roadblocks, which are discussed below.

2.1. PLAYER EXPLOITATION

Professionals in the esports arena stand on a considerably different footing than their more 'athletic' contemporaries. The most visible of the differences are average age and career spans of players. Players begin competitive gaming as early as age fourteen, with most players ranging from their late teens to their mid-twenties. Careers of esports professionals are drastically shorter than what, for example, a footballer might enjoy (averaging above eight years)¹⁶ spanning a meagre three to five years. The reason for players enduring such short-lived careers is due to the intensive demands of esports vis-à-vis traditional sports. Training in traditional sports is largely confined to maintaining physical fitness. Esports players, however,

Michael Pavitt, RCS Sport to hold virtual Giro d'Italia and raise funds for Italian Red Cross, INSIDE THE GAMES (Jul. 29, 2020, 7:13 PM), https://www.insidethegames.biz/articles/1093248/virtual-giro-ditalia-cycling-rcs-sport.
 Andrew Hood, Race across America goes virtual, VELONEWS (Jul. 29, 2020, 7:22 PM), https://www.velonews.com/culture/race-across-america-goes-virtual/.

¹⁵ Dan L Burk, Owning E-Sports: Proprietary Rights in Professional Computer Gaming, 161 U. PA. L. REV. 1535 (2013).

¹⁶ Seife Dendir, When do soccer players peak? A note (2016) 2 JOURNAL OF SPORTS ANALYTICS 89.

rely on extremely high reaction times and mental sharpness as opposed to physical fitness.¹⁷ Maintaining reaction times requires an excruciating level of practice which trumps the demands of traditional sports, increasing the possibility of 'burnout' relatively quickly, resulting in shorter careers.¹⁸

Players are also not able to leverage their rights due to the absence of player unions, which raises many labour issues due to the absence of collective bargaining agreements, which further gives rise to accountability concerns as players can be subject to arbitrary contract terminations. Esports players often join competitive teams at a young age, ill-equipped to understand the contractual obligations they bind themselves by the contract. Owing to their unawareness of the legal implications of the contracts entered into by them, players are exploited by their employing teams. Resultantly, players are forced to abide by unfair contractual terms (for example, the independence to earn revenue through streaming and utilising in-game content is sometimes entirely retained by contracting teams)²¹ and incommensurate remuneration, a massive blow to their already limited career prospects, while at the same time losing out on business opportunities through restrictions on allowing them to monetize their virtual persona. The unique nature of the esports industry, with video games having a short shelf life, with annual updates, also acts as a barrier for successful unionising²³, as the number of players competing in one game is shuffled constantly. With teams competing in a league format persistently vying for survival, underperforming players are ousted in next

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¹⁷ Jack Cohen, *The Myth of Reaction Time and Why Professional League of Legends Careers Are So Short*, DBLTAP (Oct 7, 2020, 10:49 PM), https://www.dbltap.com/posts/the-myth-of-reaction-time-and-why-professional-league-of-legends-careers-are-so-short-01ecqq0r749m.

¹⁹ Noah Smith, *It's not as awesome as people imagine: Esports players say 'dream job' is more than fun and games*, The Washington Post (Mar. 17, 2020, 12:42 PM), https://www.washingtonpost.com/sports/2018/12/13/its-not-awesome-people-imagine-esports-players-say-dream-job-is-more-than-fun-

games/#:~:targetText=In%20a%202016%20interview%2C%20George,the%20NFL%2C%20according%20to%20ESPN.

²⁰ Richard Wee, *Three key legal issues currently facing the Esports industry: A perspective from Asia*, LAWINSPORT (Mar. 17, 2020 1:28 PM), https://www.lawinsport.com/topics/item/three-key-legal-issues-currently-facing-the-esports-industry-a-perspective-from-asia#sdfootnote2sym.

²¹ Adam Fitch, *Player contract illustrates unfair and unethical conditions*, ESPORTS INSIDER (Oct 7, 2020, 11:07 PM), https://esportsinsider.com/2019/12/unfair-player-contract/.

²² Dom Sacco, *Smooya situation outlines need for better esports contract clarity & advice*, ESPORT NEWS UK, (Mar. 17, 3:11 PM), https://esports-news.co.uk/2017/11/12/smooya-contract-situation-epsilon/.; Jonathan L. Israel, *It's Not Just A Game – Addressing Employment Law Issues in Esports*, FOLEY (Mar. 17, 2020, 3:39 PM), https://www.foley.com/en/insights/publications/2019/06/employment-law-issues-in-esports.

²³ David Zhou, *Why the unionization of esports is a difficult if not impossible road*, POLYGON (Mar. 18, 2020, 9:17 AM), https://www.polygon.com/2013/7/19/4506524/gaming-will-be-a-legitimate-profession-for-hundreds-in-next-few-years.

to no time, highlighting the easily dispensable nature of the players.²⁴ Moreover, the 'professional grind' that esports players are compelled to subject themselves to long working hours is more excruciating than what athletes in traditional sports are expected to, with more than fourteen hours daily practice for six days a week at the minimum just to sustain their jobs, coupled with their merchandising and sponsorship commitments.²⁵ Though player associations have been formed by *Counterstrike* and *LoL* players,²⁶ they suffer from an obvious lack of legal pedigree (the sticking point being them being considered independent contractors and not employees, the latter being a prerequisite to unionise)²⁷ which renders them ineffective in adequately dealing with the ethical troubles faced by players.²⁸

2.2. STRUCTURAL DISCREPANCIES

Unlike mainstream sports, such as tennis or football, which have a well-defined regulatory apparatus governed by codified rules, specifically formulated for the particular sport in question, such consistency is lacking in esports.²⁹ This can be attributed to the variation in the rules of gameplay between separate video games. For example, the rules applicable to the *LoL* Championship inherently differ from the rules of the *Counter-Strike: Global Offensive* (CS:GO) Championship, the former being based on a Multiplayer Online Battle Arena (MOBA) (team-based strategy games with each player possessing unique abilities) and the latter based on the First-Person Shooter (FPS) (weapon-based combat games played through an individual perspective) model,³⁰ and also due to characteristic differences such as in the nature of the game, the number of players involved, in-game strategies and the objective of the game (for example, MOBA games epitomize team performance and not individual achievements to win whereas FPS games focus solely on individual performances. Teams work

²⁴ Katherine E Hollist, *Time to Be Grown-Ups about Video Gaming: The Rising esports Industry and the Need for Regulation*, 57 ARIZ. L. REV. 823, 832 (2015).

²⁶ Pat Evans, *How Players Associations Could Help Improve Esports' Infrastructure*, FRONT OFFICE SPORTS (Mar. 18, 2020, 9:32 AM), https://frntofficesport.com/players-associations-esports-infrastructure/.

²⁷ Roshan Patel, *Esports, Player Positions, and the Benefits of Unionization*, 18(1) Duke L. & Tech R. 233, 235 (2020).

²⁸ Marijam Didžgalvytė, *Labour Rights in Esports*, NOTES FROM BELOW (Mar. 18, 2020, 10:11 AM), https://notesfrombelow.org/article/labour-rights-in-esports.

²⁹ Fabio Schlosser Vila, *Do esports lack structure*, DW (Mar. 18, 2020, 10:51 AM), https://www.dw.com/en/do-esports-lack-structure/a-36930847.

³⁰ Joost, *Esports Governance and its Failures*, MEDIUM (Mar. 18, 2020, 11:14 AM), https://medium.com/@heyimJoost/esports-governance-and-its-failures-9ac7b3ec37ea.

together in the former whereas a team in the latter is a collective of individual players competing separately).

The fragmented nature of the esports industry, with each video game title being distinct from the other and each having different rules programmed into the game (games have a significant contrast in terms of winning criteria, the permissibility of in-game inputs players. Games of the same genre are also varied in their gameplay and objectives as the same is decided by developers beforehand) by developers, makes the implementation of coherent regulations for esports governance extremely challenging.³¹ A key factor behind this discrepancy is related to the commercial use of gameplay. Developers own the intellectual property related to their video game and licensing agreements often exclude commercial use via streaming.³² The manifold nature of esports titles, unlike a traditional sport which operates on standardised rules extending to all events and tournaments of the sport, also indicates the expanse of the esports edifice, so much so that it can be considered a sub-industry in itself, operating as a part of the larger sports industry.³³ Another structural dissimilarity, which is more or less the consequence of the aforementioned disparity in esports games, is in the organisational setup concerning league ownership. Whereas leagues in traditional sports function under the aegis of a professional supervisory body, often with statutory authority, esports leagues are primarily developersponsored,³⁴ with game developers possessing the ownership rights and controlling the operational aspects of the league including tournament organising, broadcasting and funding prize money. A major reason behind the private ownership model adopted in esports tournaments is that developers are better equipped to handle the organising process, being aware of the game mechanics, rules and software intricacies apart from the distribution and licensing of game-related intellectual property (IP) to separate organisers and bodies being cumbersome and involving dilution of control and uniformity. 35 Private ownership is more or less a necessity given the lack of an apex organisation to oversee the conducting of tournaments

³¹ *Id*.

³² Roman Brtka, *Intellectual Property in the World of esports*, IPWATCHDOG (Jul. 30, 2020, 10:27 AM), https://www.ipwatchdog.com/2018/04/02/intellectual-property-esports/id=95245/

Wanyi Tang, *Understanding Esports from the Perspective of Team Dynamics*, THE SPORT JOURNAL (Mar. 18, 2020, 11:33 AM), https://thesportjournal.org/article/understanding-esports-from-the-perspective-of-team-dynamics/.

³⁴ Laura L Chao, You Must Construct Additional Pylons: Building a Better Framework for Esports Governance, 86 FORDHAM L. REV. 737, 744 (2017).

and related events. The pitfall with private ownership, easily observed, is the vulnerability of players and teams to the whims of developers in exercising their control.³⁶

There have been instances of developers using their power arbitrarily, to the detriment of other stakeholders. Riot, the developers of LoL, excluded Immortals, ³⁷ a team which was seen as the flagbearer of the league and which had performed well, in its LoL League Championship Series without any rationale behind its decision, citing the team's involvement in the competing Overwatch League and financial problems, despite no apparent evidence of the latter. Similarly, enterprises within the esports ecosystem which monetize developer-owned video game IP and rely on the same for their revenue also stand to lose heavily at the hands of unfettered developers. ³⁸ Concerning developer involvement in regulating leagues and tournaments, India specifically is faced by additional hurdle since most game developers are situated outside the country and are thus unable to exercise control to the same degree over events. This raises the question of the model of regulation to be followed. The government pitching in with providing esports with the required recognition and subsequent regulation is crucial in this regard. Fastening adequate authority to an independent organisation is necessary to put a leash on developer power and safeguarding the interests ³⁹ for amicable interaction between developers, players, team owners and other stakeholders.

2.3. STREAMING VERSUS BROADCASTING

Television broadcasting of mainstream sports has been commonplace long before fast internet speeds led to the emergence of streaming services. The birth of esports has paved the way for a new generation of sports fans. ⁴⁰ Esports viewers mostly consist of people who play the very games they watch, looking for a hands-on experience on the internet, which streaming provides. The TV-centric viewership paradigm at present is not geared towards much of what esports, in essence, stands for, by and large, a product of the twenty-first-century technocracy.

³⁶ Mateusz Kaliski, *Who Holds the Cards: How Developer Control in Esports Can Impact the Ecosystem*, MEDIUM (Sep. 23, 2020, 10:10 PM), https://medium.com/@matkaliski/who-holds-the-cards-how-developer-control-in-esports-can-impact-the-ecosystem-8cb1589c5c67.

³⁷ Xing Li, *Why kicking Immortals out of the NA LCS is a mistake*, DOT ESPORTS (Sept. 23, 2020, 11:23 PM), https://dotesports.com/league-of-legends/news/why-kicking-immortals-out-mistake-na-lcs-18125.

³⁹ KALISKI, *supra* note 39.

⁴⁰ Nathan Edge, *Evolution of the Gaming Experience: Live Video Streaming and the Emergence of a New Web Community*, 4(2) The Elon Journal of Undergraduate Research in Communications 33 (2013).

Right from participation to spectatorship, esports are an amalgamation of internet-reliant stakeholders based upon an all-inclusive community.⁴¹

The emergence of streaming platforms such as YouTube and Twitch are testimony to the booming popularity of user-engaging streaming platforms amongst the younger tech-savvy generation. Twitch, in particular, is a platform specifically targeted towards the gamers, through an interaction-based spectating model⁴² providing viewers with the opportunity to interact with streamers through a live chat system, creating a sense of unison between players and their fans, further increasing the appeal of esports to those looking for a more involved viewership experience.⁴³ The upsurge in the popularity of these platforms for esports consumption has also been down to the fact that popular and influential players can directly interact with their followers, which is unknown territory for existing broadcasting networks, which have over time served the interests of 'actual' sports, airing leagues and tournaments and not individual gameplay, a reason why they are playing catch up to services like Twitch.⁴⁴ Broadcasting networks are not lagging, with ESPN entering into contracts with Blizzard Entertainment and Riot Games to broadcast the Overwatch League and LoL competitions,⁴⁵ banking on the burgeoning increase in viewership of esports with the hope to carve out a niche for streamers and as well as television viewers.

2.4. THE GAMBLING DILEMMA

Traditional sports have witnessed gambling and betting becomes a precarious yet ubiquitous component of their ecosystem, and esports, in their short span of existence, have also become a victim to shady gambling practices. ⁴⁶ The enforcement of requisite safeguards against such activities in the esports world is also complicated by the presence of in-game gambling markets in the form of wagering on virtual items, in addition to the market for wagering actual

⁴¹ Esther Levine, *How esports streaming platforms are impacting television*, VIACCESS ORCA (Mar. 18, 2020, 12: 12 PM), https://www.viaccess-orca.com/blog/esports-streaming-platforms-impacting-television.

⁴² Dean Takahashi, *Our deep dive into how esports broadcasting differs from traditional sports*, VENTURE BEAT (Mar. 18, 2020, 12:39 PM), https://venturebeat.com/2019/04/13/our-deep-dive-into-how-esports-broadcasting-differs-from-traditional-sports/.

⁴³ Natasha Borders, *Finding Success on Twitch*, TOWARDS DATA SCIENCE (Mar. 18, 2020, 1:04 PM), https://towardsdatascience.com/streaming-recommender-twitch-e40d4a45e4ee.

⁴⁴ Amrita Khalid, *The future of live-streaming, for better or worse, depends on Twitch,* QUARTZ (Mar. 18, 2020, 2:25 PM), https://qz.com/1747158/twitch-grows-as-non-gamer-live-streaming-expands-on-the-platform/.

⁴⁵ Jacob Bogage, *Esports continue TV push with ESPN and Turner, sparking enthusiasm, ire,* THE WASHINGTON POST (Mar. 18, 2020, 2:46 PM), https://www.washingtonpost.com/sports/2019/03/28/esports-continue-tv-push-with-espn-turner-sparking-enthusiasm-ire/.

⁴⁶ LJ Bovey, *Could Gambling Kill eSports?*, THE VERSED (Mar. 18, 2020, 4:11 PM), https://www.theversed.com/97037/could-gambling-kill-esports/#.kTnfV1UcgD.

currency.⁴⁷ Profit-driven gaming companies and an insufficient regulatory mechanism have allowed this issue to carry on rampantly unchecked. Esports participants comprise predominantly of underage teenagers unaware of the wide-scale ramifications of gambling.⁴⁸ Games such as *Counterstrike* include in-game virtual items known as 'skins' (weapon designs) that are created and sold by players through an online community marketplace, such as Steam (one of the most popular example).⁴⁹ Players can trade their skins on Steam for virtual credits, which can be used to purchase games and other items on the Steam marketplace.⁵⁰

However, players have an alternative option to trade their skins for money or use them to bet on the outcomes of real-time eSports matches⁵¹ or in casino-like games,⁵² similar to sports betting on sites such as *Bet365* and *Betway*,⁵³ through third-party exchange websites such as *CS:GO Lounge*, *SkinXchange* and *Fanobet*,⁵⁴ and herein lie the origins of underage gambling. This is because illicit trading platforms such as the above allow players access just by linking their accounts on gaming marketplaces such as Steam, the user agreement of which requires players to be only a minimum of thirteen years of age to create an account.⁵⁵ Children are tempted to spend money on skin gambling websites, many a time without parental permission, misled under the false pretence of winning big easily, a glaring example being the recent misrepresented winning by two popular CS:GO YouTubers on a gambling site *CSGO Lotto*, who were later found out to be the owners of the website.⁵⁶ What is especially problematic is that unlike the real currency, the gambling of which is subject to statutory limitations, virtual items sit outside the purview of any existing legislation, a grey area which unlicensed gambling

⁴⁷ Justin Ronquillo, *The Rise of Esports: The Current State of Esports, Its Impacts on Contract Law, Gambling, and Intellectual Property*, 23 INTELL. PROP. & TECH. L. J. 81, 94 (2019).

⁴⁸ Ailsa Sherrington, *Esports has a drug and gambling problem*, THE NEXT WEB (Mar. 18, 2020, 4:41 PM), https://thenextweb.com/events/2018/05/16/esports-has-a-drug-and-gambling-problem/.

⁴⁹ Eric Yu, *The Start of It All: Skin Gambling*, UNIKRN (Mar. 18, 2020, 6:07 PM), https://news.unikrn.com/article/the-start-of-it-all-skin-gambling.

⁵⁰ John T Holden et al., *Esports Corruption: Gambling, Doping, and Global Governance,* 32 MD J INT'L L 236 (2017).

⁵¹ Navanwita Sachdev, *Underage skin gambling on the rise*, THE SOCIABLE (Mar. 19, 2020, 10:27 AM), https://sociable.co/web/underage-skin-gambling-on-the-rise/.

Shaun Assael, *Skin in the Game*, ESPN (Mar. 19, 2020, 11:13 AM), espn.com/espn/feature/story//id/18510975/how-counter-strike-turned-teenager-compulsive-gambler.

Maddy Myers, *How Esports Gambling Works*, KOTAKU (Mar. 19, 2020, 11:38 AM), https://compete.kotaku.com/how-esports-gambling-works-1823959797.

⁵⁴ Taylor Stanton Hardenstein, *Skins in the Game: Counter-Strike, Esports, and the Shady World of Online Gambling*, 7 UNLV GAMING L.J. 117 (2017).

⁵⁵ Kamali Melbourne & Matthew Campbell, *Professional Video Gaming May Have an Underage Gambling Problem,* BLOOMBERG, (Mar. 19, 2020, 12:00 PM), http://www.bloomberg.com/news/articles/2015-09-07/professional-video-gaminghas-an-underage-gambling-problem.

⁵⁶ Colin Campbell, *The True Cost of Counter-Strike Skin Gambling*, POLYGON (Mar. 19, 2020, 12:23 PM), https://www.polygon.com/features/2016/7/18/12203534/counter-strike-cs-go-skin-gambling.

sites have conveniently exploited to full effect.⁵⁷ Although Valve, the developer of CS:GO attempted to curb the unregulated skins gambling market by issuing cease-and-desist notices,⁵⁸ the practice has branched out to other popular esports titles such as Overwatch, DoTA and Fortnite as well, with 'loot boxes' (virtual crates containing a random combination of in-game items)⁵⁹ replacing skins as hot property in online trading.⁶⁰

2.4.1. MATCH FIXING WOES

The unabated rise of esports betting and gambling has culminated into match-fixing scandals across esports tournaments⁶¹, where players have been accused of 'throwing' (deliberately losing or rigging) matches to win bets placed through virtual gaming items. There have been repeated instances over the past few years where multiple CS:GO professionals have been handed indefinite suspensions for indulging in match-fixing.⁶² A similar controversy took place in South Korea, where certain players were given lifetime bans by the Korean eSports Association (KeSPA) for their involvement in match-fixing.⁶³

2.5. DOPING AND ADDICTION CONCERNS

Esports have been no stranger to the usage of performance-enhancing drugs becoming widespread by players, who seek to gain that extra edge to trump their competitors and in pursuit of which resort to drugs such as Adderall and Ritalin⁶⁴ for cognitive enhancement and

⁵⁷ Kevin Wimer, *Betting is esports' biggest and most underappreciated opportunity*, VENTURE BEAT (Mar. 19, 2020, 12:59 PM), https://venturebeat.com/2019/06/03/betting-is-esports-biggest-and-most-underappreciated-opportunity/.

Valve, *In-Game Item Trading Update*, STEAM (Mar. 19, 2020, 1:16 PM), https://store.steampowered.com/news/22883/; Andrew Meola, *How eSports has given rise to competitive gaming betting and gambling – with skins and real money*, BUSINESS INSIDER (Mar. 19, 2020, 1:44 PM), https://www.businessinsider.com/the-rise-of-esports-betting-and-gambling-2018-1?IR=T.

⁵⁹ Andrew E. Freedman, *What Are Loot Boxes? Gaming's Big Controversy Explained*, Tom's Guide (Mar. 19, 2020, 1:57 PM), https://www.tomsguide.com/us/what-are-loot-boxes-microtransactions,news-26161.html.

⁶⁰ David J. Castillo, *Unpacking the Loot Box: How Gaming's Latest Monetization System Flirts with Traditional Gambling Methods*, 59 Santa Clara L. Rev. 165 (2019).

⁶¹ Andrew Nixon et al., *Esports uncovered – Part 3 The biggest risk factors facing the industry*, LAWINSPORT (Mar. 19, 2020, 2:31 PM), https://www.lawinsport.com/topics/item/esports-uncovered-part-3-the-biggest-risk-factors-facing-the-industry#ftn6.

⁶² Andy Chalk, *Valve bans seven CS:GO pro players from tournament play for match fixing*, PC GAMER (Mar. 19, 2020, 2:50 PM), https://www.pcgamer.com/valve-suspends-seven-csgo-pro-players-for-match-fixing/; Luis Mira, *Epsilon Suspend CS:GO Team*, HLTV (Mar. 19, 2020, 3:09 PM), http://www.hltv.org/news/14142-epsilon-suspend-csgo-team; Phil Kornyshev, *A brief history of bans in CS:GO*, ESPORTS INSIDER (Mar. 19, 2020, 3:35 PM), https://esportsinsider.com/2017/04/brief-history-bans-csgo/.

⁶³ Philip Kollar, *StarCraft 2 Matchfixing scandal leads to lifetime bans from Korean eSports Association*, POLYGON (Mar. 19, 2020, 4:02 PM), https://www.polygon.com/2015/10/18/9565509/starcraft-2-matchfixing-scandal-lifetime-bans-kespa-korean-esports-association.

⁶⁴ James Gatto & Mark Patrick, *Overview of Select Legal Issues with eSports*, 6 ARIZ. ST. U. SPORTS & ENT. L.J. 427 (2017).

keeping nerves under control and reducing fatigue, with hefty prizes at stake.⁶⁵ While the use of stimulants casts doubt over competitive integrity, as in other sports, what's more, worrisome are the health repercussions.⁶⁶ Unlike sports involving physical exertion, esports involve prolonged mental focus and concentration for hours on a stretch,⁶⁷ devoid of any physical element, which can take a toll on the body of these young athletes. In response to numerous incidents of doping in esports tournaments, the Electronic Sports League (ESL), the world's largest eSports company organising tournaments covering a series of popular game titles, in 2015, began conducting random doping tests and drug screenings during tournaments with support from the World Anti-Doping Agency (WADA).⁶⁸ However with ESL only having a limited number of leagues under its control, the implementation of an all-encompassing anti-doping policy a difficult task, as players can simply take part in other leagues with less stringent doping restrictions.⁶⁹ Physical constraints worsen the implementation of a uniform mechanism, as preliminary rounds of many tournaments take place remotely over the internet, as a result of which many players using banned substances escape going under the radar.⁷⁰

2.5.1. E-DOPING

Performance-enhancing drugs are not the only way esports players can gain an unfair advantage while competing. The making of in-game changes, by way of altering the inner code and programming of the game, for self-benefit is termed as e-doping. E-doping, unlike doping, is harder to trace as there do not exist any detecting measures and tests for curbing the same as a participant can modify the programming of their individual system unnoticed from the tournament organisers, as other systems remain unaffected by any modifications. Cheating software such as 'aimbots' and 'wallhacks' respectively allow players to automatically aim at opponents or see through walls, drastically improving their chances at winning. Players also

⁶⁵ Cody Luongo, *ESI Gambling Report: Sex, drugs and esports*, ESPORTS INSIDER (Mar. 19, 7:34 PM), https://esportsinsider.com/2018/08/esi-gambling-report-sex-drugs-and-esports/.

⁶⁶ Andrew Masterson, *The rising problem of doping in eSports*, AUSTRALIA'S SCIENCE CHANNEL (Mar. 20, 2020, 1:19 PM), https://australiascience.tv/the-rising-problem-of-doping-in-esports/.

⁶⁷ GATTO & PATRICK, supra note 67, at 430.

⁶⁸ Lindsay Brandon, *The Future of Anti-Doping Cases May Be In Esports*, OREGON SPORTS NEWS (Mar. 20, 2020, 1:33 PM), http://oregonsportsnews.com/the-future-of-anti-doping-cases-may-be-in-esports/.

⁶⁹ Harsh Malpani, *Understanding 'E-Doping' and Need for Fair Competition in E-Sports*, RGNUL STUDENT RESEARCH REVIEW (Mar. 20, 2020, 1:52 PM), http://rsrr.in/2019/07/28/understanding-e-doping/#_edn9. ⁷⁰ *Id.*

⁷¹ Giulia Zappaterra et al., *The concept of eDoping in eSports - cyber security as a safety measure, enforcement and sanctions in case of non-compliance*, LEXOLOGY (Mar. 20, 2020, 2:22 PM), https://www.lexology.com/library/detail.aspx?g=b3abb0aa-72da-4d26-9ad8-

d5ce8204d7c1#:~:targetText=eDoping%20is%20in%20fact%20the,actions%20with%20a%20single%20click. 72 *Id.*

make use of sabotage software, which slows down opponent computer systems.⁷³ A disjointed approach between publishers and tournament organisers aggravates the issue as they focus more on prevention rather than undertaking pre-emptive measures, acting only when such issues surface.⁷⁴ In this regard, Valve introduced its Valve Anti-Cheat System (VAC), which scans computers for usages of identifiable cheats, flagging and permanently banning users found to be guilty of cheating.⁷⁵ The Esports Integrity Commission (ESIC), established in 2016, has also published a Code of Conduct to guard against incidents of cheating cropping up in affiliated tournaments. Though these measures have been impactful, their effectivity has been brought into question with recent reports of e-doping, where an Indian *Counter-Strike* player was caught cheating through a pre-programmed cheating software in a major tournament, which he had installed in his system.⁷⁶ A popular Fortnite YouTuber was also found to be using aimbots in some of his uploaded videos, which invited a lifetime ban.⁷⁷

2.5.2. TACKLING THE SUSCEPTIBILITY TO ADDICTION

The addictive tendencies and mental health implications have been well-documented far before its formalisation into what we now know as esports. Traditional sports, only very recently have opened to the ignored impact of mental health on athletes. The Premier League, in England, launched the *Heads Up* campaign⁷⁸ to raise awareness on mental health and stimulate a conversation on the issue. Esports currently lag in discussing and addressing occupational hazards encountered by players such as psychological distress, social awkwardness, anxiety disorder, burnout and impulsivity.⁷⁹ Analysing why the effects of prolonged and excessive

⁷³ Ian Smith, *The continued rise of eSport – Efforts to combat match fixing and improve integrity*, LAWINSPORT (Mar. 20, 2020, 3:06 PM), https://www.lawinsport.com/topics/item/the-continued-rise-of-esport-efforts-to-combat-match-fixing-and-improve-integrity.

⁷⁴ Graham Ashton, *Cheating in Esports – How Is It Done, and How Is It Dealt With?*, THE ESPORTS OBSERVER (Mar. 20, 2020, 3:31 PM), https://esportsobserver.com/cheating-in-esports/.

⁷⁵ Evan Lahtl, *Valve has 1,700 CPUs working non-stop to bust CS:GO cheaters*, PC GAMER (Mar. 20, 2020, 3:42 PM), https://www.pcgamer.com/vacnet-csgo/.

⁷⁶ Fox Sports Asia, *Indian counter strike player caught cheating in Zowie eXTREMESLAND Finals*, FOX SPORTS ASIA (Mar. 20, 2020, 4:15 PM), https://www.foxsportsasia.com/esports/956454/indian-counter-strike-player-caught-cheating-in-zowie-extremesland-finals/.

⁷⁷ Elliott Bretland, *How Doping Is Casting a Shadow over the Rise Of eSports*, THE SPORTSMAN (Mar. 20, 2020, 4:30 PM), https://www.thesportsman.com/features/how-doping-is-casting-a-shadow-over-the-rise-of-esports.

⁷⁸ Heads Up, Premier League (Sept. 24, 2020, 12:24 AM), https://www.premierleague.com/heads-up#:~:text=Heads%20Up%2C%20a%20partnership%20between,already%20happening%20across%20the%20g ame.

⁷⁹ Thomas Chung et al., Will esports result in a higher prevalence of problematic gaming? A review of the global situation. 8(3) JOURNAL OF BEHAVIORAL ADDICTIONS. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7044624/; Esports gamers face same level of psychological pressure pro-athletes, SCIENCE **DAILY** (Sep. 2020, AM), https://www.sciencedaily.com/releases/2019/11/191112110315.htm.

gaming have not been accorded the due attention they deserve, it can be observed that the gradual commercialisation of esports and the commoditisation of esports professionals which has seen them become a money-making cog in the machine. Sponsorship deals and the commercial prospects that players present are prioritised as developers and esports teams alike seek to continuously expand and diversify their cash streams, at the expense of the well-being of the players who are fundamental to the proliferation of esports into an industry. This issue is intertwined with concerns regarding player exploitation and a core ethical dilemma which requires urgent addressal and solidifies calls for regulatory bodies that are detached from a solely commercial outlook towards policy making and regulating esports.

3. POLICY PROPOSALS AND RECOMMENDATIONS

3.1. A RECOGNISED REGULATOR

Considerable steps with respect to putting in place a systematic regulatory mechanism have been taken with the constitution of international bodies such as the International Esports Federation (IeSF) and the World Esports Association (WeSA), but both organisations have failed to muster popular support of the various esports teams, players and tournament organisers, due to a clash of interest between rival stakeholders and lacklustre involvement. ⁸⁰ The IeSF was established in 2008, adopting a model similar to organisations such as FIFA, which regulates competitive football internationally, seeking to promote a standardisation process within the esports industry and for the regulation of tournaments. ⁸¹ Its members comprise of national esports federations from different countries, with China and Korea as its proactive members. ⁸² Despite its best efforts to further bridge the gap between esports and traditional sports, its model has proven to be of less utility than supposed, since the lion share of the industry is commanded by mainly private game publishing companies like Riot Games and Blizzard, whose interests have been overlooked. ⁸³ Formed as a solution to the shortcomings of the IeSF, the WeSA, was founded in 2016 in consultation with the industry-leading esports teams and the ESL. The WeSA was constituted to bring much-needed stability, standardised

⁸⁰ Jacqueline Martinelli, *The Challenges of Implementing a Governing Body for Regulating Esports*, 26 U. MIAMI INT'L & COMP. L. REV. 499 (2019).

⁸¹ IeSF, About IeSF. IESF (Mar. 20, 2020, 5:47 PM), https://www.ie-sf.org/iesf/.

⁸² Graham Ashton, *TEO Q4 Report: How Would a Global Esports Federation Function?*, THE ESPORTS OBSERVER (Mar. 20, 2020, 7:11 PM), https://esportsobserver.com/global-esports-federation/.

⁸³ McCarthy Tetrault, *No Pixel Podiums: Lack of governance in esports excludes them from the Olympic Games*, LEXOLOGY (Mar. 21, 2020, 12:13 AM), https://www.lexology.com/library/detail.aspx?g=964305b7-5df5-4d82-b5d4-a97209a773f4.

norms and fairness to the esports scene.⁸⁴ However, its efforts have been mostly futile, with inactive members and the confined involvement of the organisation to only the Counter-Strike eSports tournaments, and the CS:GO community downplaying its efforts to a large extent, raising doubts over its credibility.⁸⁵

3.1.1. THE RIGHT APPROACH

The evident lack of an overarching regulatory authority undertaking a watchdog role and organising tournaments in the best interests of all stakeholders is the most immediate concern facing esports regulation. With a commonly applicable set of rules not being possible to implement due to the diverse nature of game mechanics, varying from game to game, emphasis shifts to the maintenance of competitive integrity and keeping check of unethical activities.⁸⁶ The Electronic Sports Integrity Commission (ESIC) has been recently formed in 2016, seeking to achieve unison between the business interests of game developers companies and the interests of e-athletes, promoting ethical values and countering malpractices such as matchfixing and doping. 87 It has been able to involve major companies such as Intel as well as the ESL and Dreamhack, a popular esports festival held in Sweden, which has provided the muchneeded launchpad for regulation in the future. 88 South Korea, the pioneering nation in terms of integrating esports into the structured governance fabric of mainstream sports, is a country which has inspired many western countries such as France, the UK and the USA to govern the esports industry, 89 and from which India should ideally draw upon for legitimising the now well-established esports regime in our country. The South Korean government has successfully recognised the impact of digital infrastructure developments and cultural influences on the economic front which has led to the materialisation of the esports industry in the country, forming the Korean eSports Association (KeSPA) with the support of the Ministry of Culture and Tourism in 2000, well before esports burst onto the world scene. 90 The KeSPA, since its inception, has managed to provide player protection, promptly addressing regulatory

⁸⁴ Colin Campbell, *The who, what and why of the World Esports Association*, POLYGON (Mar. 21, 2020, 12:32 AM), https://www.polygon.com/2016/5/13/11668182/what-is-wesa.

⁸⁵ Id.

⁸⁶ CARRABINE, *supra* note 15, at 233.

⁸⁷ ESIC, Who We Are, ESIC (Mar. 21, 2020, 1:07 AM), https://esic.gg/about/.

⁸⁸ Will Green, *Establishing Esports Oversight: The Groups, Issues, And Potential Challenges*, THE LINES (Mar. 23, 2020, 11:12 AM), https://www.thelines.com/esports-oversight-overview-and-challenges/.

⁸⁹ CHAO, *supra* note 37, at 757.

⁹⁰ *Id*.

complexities, unlike the widely unregulated functioning of esports in other countries and internationally.⁹¹

Adopting a similar role for regulation to the ESIC in India, the Electronic Sports Federation of India (ESFI) has also been established, to provide a sustainable ecosystem for the operation of esports activities as well as the necessary digital and physical infrastructure to enhance the esports experience for participants and educate consumers about the emerging industry. ⁹² The ESFI has been working in collaboration with the Indian Olympic Association, striving towards ensuring that esports are contested on par with other prestigious medal events in the 2022 Asian Games. ⁹³ Enhanced government aid and legally empowering the ESFI are essential for establishing a level playing field between stakeholders in the country. ⁹⁴ South Korea serves as a perfect model for Indian esports governance to build from, by attaching ministerial affiliation to the ESFI as a regulator (currently the ESFI has not secured recognition from sports authorities in India). ⁹⁵ In terms of regulation and controlling ethical practices in esports, enforcing the ESIC Integrity Program, which can prove to be effective given the involvement and sufficient representation of all esports stakeholders in its development. ⁹⁶

Esports have been gathering pace for the past few years, especially in 2020, despite the COVID-19 pandemic negatively impacting finances in traditional sports.⁹⁷ Spectator engagement has been unfazed, taking place on streaming platforms without physical crowds – the lack of which has been considerably detrimental to sports leagues such as the IPL.⁹⁸ This has directly resulted in a flurry of investment in Indian esports, with the likes of Red Bull⁹⁹ and

⁹¹ JOOST, supra note 33.

⁹² Electronic Sports Federation of India, *Main Objects*, ELECTRONIC SPORTS FEDERATION OF INDIA (Mar. 23, 2020, 11: 30 AM), http://esportsfederation.in/#main_objects.

⁹³ Shaun Star & Nirav Bakshi, The growth of esports in India – a short review of the main legal and regulatory *challenges*, LAWINSPORT (Mar. 23, 2020, 11:48 AM), https://www.lawinsport.com/topics/item/the-growth-of-esports-in-india-a-short-review-of-the-main-legal-and-regulatory-challenges.

⁹⁵ Visvak, *Esports make its way to Asian Games*, THE HINDU (Oct 7, 2020, 11:34 PM), https://www.thehindu.com/society/esports-is-on-the-rise-in-india/article24770235.ece.

⁹⁶ Anirudh Rastogi and Vishakh Ranjit, *E-Sports Player Contracts: Common Clauses and Potential Legal Issues in India*, MONDAQ (Oct 7, 2020, 11:52 PM), https://www.mondaq.com/india/gaming/955392/e-sports-player-contracts-common-clauses-and-potential-legal-issues-in-india.

⁹⁷ Stephen Hall, *How COVID-19 is taking gaming and esports to the next level*, WORLD ECONOMIC FORUM (Sep. 23, 2020, 11:31 PM), https://www.weforum.org/agenda/2020/05/covid-19-taking-gaming-and-esports-next-level/.

⁹⁸ Not hosting IPL will cause loss to the tune of Rs. 4,000 crore: Sourav Ganguly, INDIAN EXPRESS (Sep. 23, 2020, 11:44 PM), https://indianexpress.com/article/sports/ipl/sourav-ganguly-ipl-loss-coronavirus-6411307/.

⁹⁹ AFK Gaming, *The top Indian esports business developments in June 2020*, ESPORTS INSIDER (Sep. 23, 2020, 11:46 PM), https://esportsinsider.com/2020/07/india-esports-recap-june-2020/.

Fnatic¹⁰⁰ partnering with Indian brands and start-ups to further boost the inroads esports are already making. In lieu of such mounting investment, the argument of having an independent organisation in place is strengthened even more, as an incentive for the government to cash in on esports. Another reason for an independent organisation can be seen in the recent decision of the Indian government to ban the popular mobile game PUBG. Popular streamers of the game and tournament organisers who relied on the game for a livelihood and revenue respectively, suffered a significant setback due to this decision, forced to move onto alternate sources.¹⁰¹ Currently, the PUBG Corporation, based in South Korea is working on republishing the game without Chinese affiliate Tencent, whose involvement led to the ban.¹⁰² In the same duration, players have been forced to shift to Call of Duty: Mobile, which swiftly pre-empted the ban by cutting ties with Tencent, as the alternate to PUBG.¹⁰³ The presence of an established organisation would have done a great deal in softening the blow of this ban by mitigating between player interests and the government's concerns. This would have helped in easing the transition to alternate game titles for either party (if necessary) or informing parties of a resolution, instead of coming as a shock to the mobile gaming community as has happened.

4. CONCLUSION

Esports have arrived and they are here to stay. With mounting investments and ever-expanding revenue streams, esports have quickly established themselves as a mainstay in the sports and entertainment industry. Their unstoppable rise to the top, has, however, brought to notice a quandary of ethical and regulatory laxities which stand as impediments to further growth. Game Developers and players are at a crossroads, as the former at their core remain moneyminded corporations while the latter seek to protect their interests, which have been continuously exploited, a lack of collective bargaining arrangements being perhaps their most glaring concern. Doping, cheating and match-fixing scandals weaken the cause of the players as a community and tarnish competitive integrity. The unregulated gambling market in esports

¹⁰⁰ Jonno Nicholson, *Fnatic enters India-focused content partnership with Loco*, ESPORTS INSIDER (Sep. 23, 2020, 11:51 PM), https://esportsinsider.com/2020/06/fnatic-loco/.

¹⁰¹ How the PUBG Mobile Ban Affects India, ESPORTS.COM (Sept. 24, 2020, 12:09 AM), https://www.esports.com/en/how-the-pubg-mobile-ban-affects-india-124707.

¹⁰² Soumitra Bose, *PUBG Mobile Ban: Korean Company Boots out China's Tencent to Protect India Business*, OUTLOOK INDIA (Oct 8, 2020, 10:25 AM), https://www.outlookindia.com/website/story/sports-news-pubg-corporation-cuts-off-tencent-link-to-save-lucrative-indian-battleground/360024.

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is an added source of worry, with underage gambling and illegal betting being largely unchecked.

For esports to be considered at an equal footing alongside traditional sports, establishing an independent governing body which appropriately addresses the structural dissimilarities within an overlapping ecosystem, along with integrity concerns, is of utmost necessity. Successful regulation warrants striking a balance between clashing interests. The IeSF and the WESA are steps in the right direction, but their inability to involve a sufficient number of stakeholders and a lack of recognition raises questions over their legitimacy. Esports have come a long way, much in their unique way and for them to continue on their bright trajectory, stakeholders must ultimately unite for mutual benefit to drive the industry to even greater heights.